

AMENDED IN ASSEMBLY APRIL 17, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1291**

**Introduced by Assembly Member Hollingsworth**

February 23, 2001

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An act to ~~amend Section 96.1 of~~ *add Section 6364.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1291, as amended, Hollingsworth. ~~Taxation~~ *Sales and use taxes: exemptions: diapers and formula.*

*The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property.*

*This bill would exempt diapers and baby formula for infants and toddlers from this tax.*

*Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.*

*Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.*

*This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.*

*This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.*

~~Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.~~

~~This bill would make technical, nonsubstantive changes to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

- 1     ~~SECTION 1.—Section 96.1 of the Revenue and Taxation Code~~
- 2     ~~SECTION 1. Section 6364.1 is added to the Revenue and~~
- 3     ~~Taxation Code, to read:~~
- 4     ~~6364.1. There are exempted from the taxes imposed by this~~
- 5     ~~part the gross receipts from the sale in this state of, and the storage,~~
- 6     ~~use, or other consumption in this state of, diapers and formula~~
- 7     ~~products designed, manufactured, processed, fabricated, or~~
- 8     ~~packaged for use by infants and toddlers.~~
- 9     ~~SEC. 2. Notwithstanding Section 2230 of the Revenue and~~
- 10    ~~Taxation Code, no appropriation is made by this act and the state~~
- 11    ~~shall not reimburse any local agency for any sales and use tax~~
- 12    ~~revenues lost by it under this act.~~
- 13    ~~SEC. 3. This act provides for a tax levy within the meaning of~~
- 14    ~~Article IV of the Constitution and shall go into immediate effect.~~
- 15    ~~However, the provisions of this act shall become operative on the~~
- 16    ~~first day of the first calendar quarter commencing more than 90~~
- 17    ~~days after the effective date of this act.~~
- 18    ~~is amended to read:~~
- 19    ~~96.1.—Except as otherwise provided in Article 3 (commencing~~
- 20    ~~with Section 97), and in Article 4 (commencing with Section 98),~~
- 21    ~~for the 1980–81 fiscal year and each fiscal year thereafter, property~~
- 22    ~~tax revenues shall be apportioned to each jurisdiction pursuant to~~
- 23    ~~this section and Section 96.2 by the county auditor, subject to~~
- 24    ~~allocation and payment of funds as provided for in subdivision (b)~~

1 of Section 33670 of the Health and Safety Code, to each  
2 jurisdiction in the following manner:

3 (a) For each tax rate area, each jurisdiction shall be allocated an  
4 amount of property tax revenue equal to the amount of property tax  
5 revenue allocated pursuant to this chapter to each jurisdiction in  
6 the prior fiscal year, modified by any adjustments that are required  
7 by Section 99 or 99.2.

8 (b) The difference between the total amount of property tax  
9 revenue and the amounts allocated pursuant to subdivision (a)  
10 shall be allocated pursuant to Section 96.5, and shall be known as  
11 the “annual tax increment.”

12 (c) For purposes of this section, the amount of property tax  
13 revenue referred to in subdivision (a) shall not include amounts  
14 generated by the increased assessments under Chapter 3.5  
15 (commencing with Section 75).

